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VIA EMAIL robert.howatt@state.de.us

TO: Delaware Public Service Commission
FROM: Ms. Dominique Baron, Environmental Advocate
DATE: August 30, 2006
SUBJECT: Delmarva Power & Light Proposed RFP

The Delaware Nature Society has reviewed Delmarva Power & Light's (DP&L) proposed request for proposals and would like to submit the following comments to the public record.

In short, our view is that in order to meet legislative criteria established by HB6, the RFP needs to be revised to substantially escalate: 1) the discussion and 2) the quantitative rating of the degree to which each proposal will provide reductions in environmental impact.

According to the legislation, DP&L is required to submit a request for proposals for long-term service contracts lasting between ten and twenty-five years. The RFP:

[s]hall also set forth proposed selection criteria based on the cost-effectiveness of the project in producing energy price stability, reductions in environmental impact, benefits of adopting new and emerging technology, siting feasibility and terms and conditions concerning the sale of energy output from such facilities.¹

Two of the five stated criteria point to the RFP favoring environmentally sound energy producing technologies. Second only to price stability is a reduction in environmental impacts and third is the adoption of new and emerging technology – much of which is environmentally friendly technology such as wind, solar or other renewable energy technologies.

The Public Service Commission and the Delaware State Energy Office, according to the legislation, must ensure that the final RFP:

¹ Delaware General Assembly. House of Representatives. 143rd General Assembly. House Bill No. 6, As Amended by House Amendment No. 1 and Senate Amendment No. 1. Engrossed Legislation. Available online: [http://www.legis.state.de.us/LIS/lis143.nsf/EngrossmentsforLookup/HB+6/\\$file/0661430128.doc?open](http://www.legis.state.de.us/LIS/lis143.nsf/EngrossmentsforLookup/HB+6/$file/0661430128.doc?open). Page 6.

elicits and recognizes the value of: a. proposals that utilize new or innovative baseload technologies, b. proposals that provide long-term environmental benefits to the state, c. proposals that have existing fuel and transmission infrastructure, d. proposals that promote fuel diversity, e. proposals that support or improve reliability, and f. proposals that utilize existing brownfield or industrial sites.²

Of these criteria that the PSC and Energy Office are supposed to ensure are inherent to the RFP issued by DP&L, items b, d, and f all suggest the inclusion and promotion of environmentally friendly technologies as well.

It is the opinion of the Delaware Nature Society that DP&L has not included sufficient environmental parameters in their proposed RFP. Of the 100 points potentially assigned to a bid in this process, only 7 points are directly environmental.³ An additional 7 points are awarded for a diverse fuel supply,⁴ which arguably would be awarded to new renewable technology generators bidding on the RFP. Moreover, both of these weighting mechanisms are considered by DP&L as non-price factors, and are included in the section weighted with only 40% of the available 100% weighting.

This allocation of points in the bidding process does not follow the intent of HB6 with regard to a preference for innovative and new technologies, generation that would provide a long-term environmental benefit to the state, generation sited on brownfields or other industrial sites and which provide an overall reduction of environmental impact in the state. The intent of these points in the legislation would indicate that technologies which complied with the state passed Renewable Portfolio Standard (RPS), promoted conservation over consumption and which would not negatively impact land use policy in the state (such as infringing on the coastal zone) are favored by the aim of the law. The RFP proposed by DP&L does not give enough weight to these measures in their proposal.

Thank you for the opportunity to comment.

² *Ibid.*

³ Delmarva Power & Light Company Request for Proposals: Instructions to Bidders. August 1, 2006. Page 12-13. Section 2-4-2.A.

⁴ *Ibid.* Page 15. Section 2-4-2.D.